

## C2. CHAPTER 2

### RESPONSIBILITIES AND RELATIONSHIPS

#### C2.1. RESPONSIBILITIES AND RELATIONSHIPS - GENERAL

C2.1.1. As discussed in Chapter 1, section C1.2., Congress authorizes and appropriates funds for the United States Government (USG)-financed portions of Security Assistance. Congress also oversees the sale of defense articles and services to foreign countries and international organizations. Executive Branch agencies such as the National Security Council, the Office of Management and Budget, the Department of the Treasury, and others have responsibilities related to Security Assistance. However, aside from the President, the principal legislated responsibilities fall to the Department of State (DoS) and the Department of Defense (DoD).

#### C2.2. DEPARTMENT OF STATE

Under Executive Order 11958 (reference (e)), the Secretary of State is responsible for continuous supervision and general direction of the Security Assistance program. This includes determining whether (and when) there will be a program or sale for a particular country or activity (to include International Military Education and Training (IMET)) and, if so, its size and scope. It also includes the determination of budget requests and allocation of funds for military assistance. The DoS reviews and approves export license requests for direct commercial sales of items on the United States (U.S.) Munitions List. The DoS also reviews and approves third party transfers. The DoS ensures Foreign Assistance Act (FAA), section 503 (reference (b)) eligibility and obtains FAA, section 505 (reference (b)) assurances from recipient countries and organizations. The DoS prepares the SAO Mission Program Plan and reviews and submits FMS projections (the Javits report) required under the Arms Export Control Act (AECA), section 25 (reference (c)) to Congress and the Congressional Budget Justification (CBJ).

#### C2.3. DEPARTMENT OF DEFENSE - ORGANIZATIONS

The Secretary of Defense establishes military requirements and implements programs to transfer defense articles and services to eligible foreign countries and international organizations. Within the Department of Defense, the principal planning agencies for Security Assistance are the Defense Security Cooperation Agency (DSCA), the Combatant Commands, the Joint Staff, the Security Assistance Organizations (SAOs), and the Military Department (MILDEP) international organizations.

C2.3.1. Defense Security Cooperation Agency (DSCA). DSCA directs, administers, and supervises the execution (to include closure) of all Security Assistance programs for the Department of Defense. DSCA is the DoD focal point for Government-to-Government arms transfers, budget, legislative, projections, forecasting, and other Security Assistance matters (including IMET). DSCA conducts international logistics and sales negotiations with foreign countries, provides financial management, develops and implements Security Assistance policies, and assists U.S. industry in exporting military equipment and services. All authorities conferred on the Secretary of Defense by the FAA and AECA pertaining to Security Assistance and all authorities under those acts delegated by the President to the Secretary of Defense are

redelegated to the Director, DSCA. See DoD Directive 5105.65 (reference (a)). The Director, DSCA, is not in the SAO direct chain of command, but funds SAO program management.

C2.3.2. Under Secretary of Defense for Policy (USD(P)). USD(P) is the Secretary of Defense's principal Security Assistance representative. The Director, DSCA, provides USD(P) staff support for Security Assistance matters. USD(P) is responsible for overall policy and relationships in regard to the North Atlantic Treaty Organization (NATO) and its members and other alliances and security partners. USD(P) ensures that both U.S. and allied technology receive the necessary protection through management of technology security. USD(P), through the Office of the Deputy Under Secretary of Defense for Technology Security Policy & Counterproliferation (ODUSD(TSP&CP)), oversees implementation of National Disclosure Policy (NDP)-1 and operation of the National Disclosure Policy Committee (NDPC), ensures implementation of NATO security policy within the USG on behalf of the Secretary of Defense and provides security policy for international programs. USD(P) coordinates with the DoS on all bilateral and multilateral agreements (except for Contract Administration Services (CAS) reciprocal waivers). USD(P) Assistant Secretaries with regional responsibilities coordinate on Security Assistance matters that directly affect their regions.

C2.3.3. Under Secretary of Defense for Acquisition, Technology, and Logistics (USD(AT&L)). The USD(AT&L) is the principal staff assistant and advisor to the Secretary of Defense for all matters relating to the DoD Acquisition System; research and development; production; logistics; command, control, communications, and intelligence activities related to acquisition; military construction; and procurement. The USD(AT&L) is responsible for co-development, co-production, co-procurement, logistics support, wartime host-nation support, and research interchange with allied and friendly foreign nations. In coordination with USD(P), USD(AT&L) promotes cooperation in science and technology and defense acquisition with allies and friendly foreign nations, and is responsible for associated international agreements. USD(AT&L) negotiates and concludes CAS reciprocal agreements and waivers and must concur on sales of major defense equipment (MDE) that have not yet completed Operational Test and Evaluation.

C2.3.4. Under Secretary of Defense, Comptroller (USD(C)). USD(C) establishes policies and procedures involving financial management, fiscal matters, accounting, pricing, auditing, and international balance of payments related to Security Assistance. (See DoD Directive 5132.3 (reference (f)))

C2.3.5. Military Departments (MILDEPs) and Other Implementing Agencies. Security Assistance program management is an integral part of the overall defense mission of each MILDEP. The MILDEPs and other Implementing Agencies prepare and execute Foreign Military Sales (FMS) cases to provide defense articles and services to meet approved Security Assistance requirements. They also provide information for Security Assistance planning (e.g., information related to production capacity). The MILDEP Secretaries advise the Secretary of Defense on all Security Assistance matters that impact their departments. They act for the Secretary of Defense on Security Assistance matters when the responsibility has been specifically delegated. The Secretaries ensure their departments are responsive to the Secretary of Defense (or to organizations with delegated authority such as DSCA). Other Implementing Agencies include the National Geospatial-Intelligence Agency (NGA), the Defense Logistics Agency (DLA) (see paragraph C2.3.6.), the Defense Threat Reduction Agency (DTRA), and the

National Security Agency (NSA). See Chapter 5, Table C5.T2. for a complete list of Implementing Agencies.

C2.3.6. Defense Logistics Agency (DLA). The Director, DLA advises the Secretary of Defense on all Security Assistance matters impacting DLA and acts for the Secretary of Defense when responsibility has been delegated. DLA prepares FMS cases for cataloging services, disposal services, and Excess Defense Articles (EDA) at the Defense Reutilization and Marketing Service (DRMS). DLA coordinates on MILDEP FMS cases exclusively for medical equipment and supplies (except for U.S. Army cases prepared by U.S. Army Medical Materiel Agency (USAMMA)), clothing and textiles, subsistence, and bulk petroleum. As the item manager for consumable stock-funded secondary items, DLA supply centers work with the MILDEPs to fill requisitions, process Supply Discrepancy Reports (SDRs), close cases, etc.

C2.3.7. Defense Contract Management Agency (DCMA). DCMA performs contract administration and management, quality assurance, and inspection for the Department of Defense, other federal agencies, foreign Governments, international organizations, and others as authorized. See DoD Directive 5105.64 (reference (j)). This includes contracts that support FMS cases.

C2.3.8. Defense Contract Audit Agency (DCAA). DCAA performs all necessary contract auditing for the Department of Defense and provides accounting and financial advisory services regarding contracts and subcontracts to all the DoD Components responsible for procurement and contract administration. These services are provided in connection with negotiation, administration, and settlement of contracts and subcontracts. See DoD Directive 5105.36 (reference (k)). This includes contracts that support FMS cases.

C2.3.9. Defense Finance and Accounting Service (DFAS). DFAS performs accounting, billing, disbursing, and collecting functions for the Security Assistance program. DFAS also issues accounting procedures. The primary site for Security Assistance is DFAS Denver. See DoD Directive 5118.5 (reference (l)).

C2.3.10. The Joint Chiefs of Staff. The Joint Chiefs of Staff relate Security Assistance objectives to joint military force planning. The Joint Chiefs of Staff: provide military advice on Security Assistance to the Secretary of Defense; provide military perspective and advice on proposed transfers of MDE and technology; participate in NDP considerations; evaluate drawdown requests and develop related readiness or operations and maintenance impact statements; and have primary responsibility for Acquisition and Cross-Servicing Agreements (ACSAs). DoD Directive 5132.3 (reference (f)) is the policy document for the Joint Chiefs of Staff.

C2.3.11. Combatant Commands. The Combatant Commands have Security Assistance and armaments cooperation responsibilities (e.g., correlation of programs with regional plans, military advice, command and support of the SAOs, and supervision of budgets). They provide military assessments and Security Assistance program impacts within their respective areas of responsibility to the Chairman of the Joint Chiefs of Staff. Military personnel assigned to SAOs are in the chain of command of the Combatant Commander of a geographic Combatant Command. Combatant Command manpower documents authorize the billets filled by SAO personnel. The Combatant Commander rates SAO personnel, provides technical assistance and administrative support, allocates funds made available to the Combatant Commander by DSCA,

and supervises the preparation and execution of SAO budgets. The Combatant Commander commands and supervises the SAOs in matters that are not functions or responsibilities of the Chief of the U.S. Diplomatic Mission (COM). See DoD Directive 5132.3 (reference (f)).

C2.3.12. Defense Security Service (DSS). Although not directly involved with Security Assistance, DSS (formerly Defense Investigative Service) administers the National Industrial Security Program (NISP) on behalf of the Secretary of Defense, who is the NISP Executive Agent. DSS implements industrial security policy established by the Assistant Secretary of Defense (Networks and Information Integration) (NII), based upon security policies developed by national level decision making authorities, and promulgated within Executive Orders. DSS provides Government contracting agencies with assurance that a contractor is both eligible to access and has a system in place to properly safeguard classified information for which it is entrusted. Toward that goal, DSS implements DoD 5220.22-M (reference (m)), the security requirements of 22 CFR parts 120-130 (the International Traffic in Arms Regulations (ITAR), reference (n)), and U.S. obligations under international industrial security agreements, and oversees the export of classified articles and services by U.S. industry under direct commercial sales (DCS) arrangements.

#### C2.4. DEPARTMENT OF DEFENSE – CASE MANAGERS

C2.4.1. Definition. The Case Manager integrates functional and inter- and intra-organizational efforts for the successful performance of an FMS case including logistics and financial management and closure. The Implementing Agency assigns a Case Manager to each Letter of Offer and Acceptance (LOA) or FMS case before the case is implemented.

C2.4.1.1. FMS cases vary in dollar magnitude and complexity. For example, a \$25 million sale of a major weapon system is extremely complex. A \$50 million LOA for off-the-shelf replacement spares is less complex. While the two are different in complexity and dollar value, they both require emphasis and special management attention (even a very low value case may involve many different functional activities), and both are managed in accordance with well-defined guidelines. The level of case management also depends on the purchaser's expertise and previous experience with the weapon system, budget constraints, etc.

C2.4.1.2. Management begins during Price and Availability (P&A) and LOA preparation and should include a total package.

C2.4.2. Responsibilities. The Case Manager is the focal point for case activities and manages all aspects of the FMS case. Table C2.T1. lists some of the Case Manager's responsibilities.

C2.4.3. Accountability. The Case Manager must accomplish the program objectives of the assigned case while adhering to applicable laws and regulations. The Case Manager achieves successful performance when the case objectives are met. These objectives are: provide all articles or services included in the case on schedule; provide the items within the stated value; and close the case in a timely manner.

Table C2.T1. Case Manager Responsibilities

<b>Case Manager Responsibilities (not inclusive)</b>	
1	Establish initial and long-range goals and objectives for execution.
2	Ensure foreign disclosure and international transfer arrangements are approved prior to signature of the LOA or agreement.
3	Prepare a master plan (including a plan for case closure).
4	Develop a financial and logistics management plan.
5	Approve plans of execution, scope, and schedule of work.
6	Review and verify funding and program requirements.
7	Integrate the program.
8	Initiate requirements.
9	Ensure that all schedules are accurate and timely.
10	Validate that costs are accurate and billed.
11	Reconcile cases especially during execution.
12	Respond to purchaser, higher headquarters, counterparts, functional activities, and other supporting agencies.
13	Initiate working agreements with supporting activities as appropriate.
14	Analyze performance in relation to required performance specifications.
15	Maintain a complete chronological history (significant events and decisions).
16	Provide status, progress, and forecast reports.
17	Ensure all automation records are in agreement.
18	Prepare case for closure.
19	Ensure that case records are retained in accordance with DoD 7000.14-R (reference (o)) Volume 15, Chapter 6. Retention period is 10 years after the date of final closure.

**C2.4.4. Authority.** FMS cases require concentrated management effort. The Case Manager has a role in each of the major elements of the case: acquisition, programming, logistics, and finance; and is involved in every aspect of planning and executing assigned cases. Effective case management depends on the performance and interaction of many organizations. The Case Manager must have the authority to take action and task other organizations in the day-to-day management of a case. If a supporting activity's performance is deficient in regard to a case, the Case Manager may not be able to meet case objectives. The manager attempts to resolve problems with the supporting activity and elevates the issue when necessary to ensure that case objectives are met. However, the manager's final authority is limited to the chain of command - the manager must use established lines of communication and authority. The Case Manager coordinates on all decisions involving the case. However, there may be situations when higher authority preempts the Case Manager's authority, such as final negotiations with FMS purchasers or diverted deliveries. These situations must be communicated promptly to the Case Manager and potential impacts documented for future reference.

**C2.4.5. Case Control.** The Case Manager develops a Master Plan that separates the case into management components, indicates significant activities requiring coordination, and establishes an implementation schedule. The plan identifies key points of contact and their assigned responsibilities. It is prepared at the beginning of the case and updated as required. The Case Manager tailors the Master Plan to fit the complexity of the case. The Case Manager makes periodic comparisons of actual versus programmed deliveries and associated costs, updates the supply, delivery, and financial schedules, and controls the flow of funds from the case to the supporting activities.

**C2.4.6. Reporting Requirements.** The Case Manager informs the community of the progress, status, problems, and resource requirements of the case. In addition, the Case Manager responds to information requests from higher authorities (e.g., DSCA). The Case Manager uses normal channels of communications to higher authorities, supporting activities, and the purchaser to advise how the case is progressing and what is needed. The Case Manager establishes procedures with supporting activities to provide management information in support of the case.

**C2.4.7. Case Manager Training.** Organizations must ensure that individuals assigned as Case Managers receive adequate training. The following Defense Institute of Security Assistance Management (DISAM) courses are recommended as a part of a training plan for a Case Manager: Basic Continental U.S. (CONUS), Financial Management, Case Management, Reconciliation and Closure, Logistics and Customer Support, and Training Management. In addition, Implementing Agencies conduct internal training to cover the organization's unique FMS procedures and to address case management issues. See Chapter 13, paragraph C13.2.4. for information on Defense Security Assistance Management System user training.

## **C2.5. DEPARTMENT OF DEFENSE – SECURITY ASSISTANCE ORGANIZATIONS (SAOS)**

**C2.5.1. Definition.** The FAA authorizes the President to assign U.S. military personnel overseas to manage Security Assistance programs administered by the Department of Defense. The generic term SAO encompasses all DoD elements, regardless of actual title, located in a foreign country to carry out Security Assistance management functions under the FAA and the AECA. The programs include grant military assistance (including those grant programs provided under the authority of Peacekeeping Operations (FAA, section 551 (reference (b))), IMET, and FMS. SAO personnel serve under the direction and supervision of the COM to ensure that DoD Security Assistance management responsibilities are properly executed.

**C2.5.2. SAO Functions.** SAO personnel perform the following functions funded by FMS and FMF Administrative funds (see Chapter 14, paragraph C14.3.2. for additional information on SAO funding).

**C2.5.2.1. Security Assistance Program Management and Oversight.** SAO personnel provide management oversight of Security Assistance activities to ensure compliance with legal and policy provisions. Table C2.T2. lists these functions.

**C2.5.2.2. General Advisory and Training Assistance.** SAO personnel may provide advisory and training assistance to the host country military establishment; however, this assistance must be minimal and cannot interfere with the SAO's performance of Security Assistance management responsibilities.

**C2.5.2.3. Administrative Support.** The SAO can provide normal administrative support for personnel assigned in-country to perform non-Security Assistance functions so long as such support does not reach a level that would require additional administrative personnel. If the support for non-Security Assistance personnel requires additional administrative personnel, Operations and Maintenance (O&M), Military Personnel Account (MPA), Research and Development (R&D), or other funded billets must be provided.

Table C2.T2. SAO Functions - Security Assistance Program Management and Oversight

<b>SAO Functions - Security Assistance Program Management and Oversight (not inclusive)</b>	
1	Provide interface for exchange of information and advice between the host nation's military establishment, the Chief of Mission (COM), and the DoD Components responsible for the Security Assistance programs. This includes promotion of Rationalization, Standardization, and Interoperability (RSI) and other armaments cooperation measures in connection with Security Assistance programs.
2	Provide the host country information needed to make decisions concerning Security Assistance programs. Encourage the host country to establish and depend on its procurement mission in the United States.
3	Evaluate host military capability to employ and maintain requested equipment and assist, as required, in processing Security Assistance requests. (Referred to as the Country Team Assessment.)
4	Assist the NDPC in evaluating host country security programs and negotiating security agreements.
5	Facilitate the timely and efficient implementation of approved host country Security Assistance programs.
6	Assist U.S. MILDEPs and the host country in the receipt, transfer, and acceptance of Security Assistance materiel, training, and other services (to include drawdowns, etc.).
7	Monitor Security Assistance programs' and transactions' progress, initiate appropriate remedial action, or advise the appropriate DoD Components of problems and issues encountered.
8	Perform programming, planning, management, and implementation functions relating to FMS and IMET programs.
9	Inform host country of U.S. Security Assistance laws, policies, and procedures.
10	Monitor FMS billing statements and payments and inform the host country of financial requirements.
11	Engage the host military, to the extent practicable, in cooperative planning for total military acquisitions over a 3 to 5 year planning period.
12	Acquire information on host country potential defense acquisitions and anticipate demands on U.S. resources.
13	Report on the use of U.S. origin defense articles, services, and training by the host country. These procedures vary from country to country; therefore, no standards are prescribed. The SAO should use available resources (e.g., country reporting or documentation, temporary duty (TDY) personnel assigned in-country performing other duties, other elements of the U.S. Diplomatic Mission, and spot checks during the normal course of SAO duties and travel). The SAO should report on an exception basis through established Security Assistance channels and maintain records on file. See Chapter 8 for more details on End-Use Monitoring (EUM).
14	Assist the host country to identify, administer, and properly dispose of excess Security Assistance materiel.
15	Provide input to the COM for the Mission Program Plan (MPP).
16	Coordinate and supervise activities of DoD personnel and elements that are in-country under DoD sponsorship (excluding Defense Intelligence Agency (DIA)) or other Security Assistance authority. See Chapter 11, section C11.13. for more information on these responsibilities.
17	Coordinate between U.S. defense industry representatives and the host nation defense establishment, and provide oversight, without limitation to any country or group of countries, for in-country RSI and Defense Industrial Cooperation (DIC) initiatives.
18	Supervise C-12 aircraft activities.
19	Perform SAO administrative functions to include budget preparation and execution and review of organizational and manning requirements.

C2.5.2.4. U.S. Defense Representative (USDR). When designated as USDR, the SAO Chief complies with DoD Instruction 5105.57 (reference (p)).

C2.5.2.5. Safeguarding Classified Material. The SAO safeguards U.S. Security Assistance-related classified information located in foreign countries. Except for classified information authorized for release to a foreign Government or international organization pursuant to DoD Directive 5230.11 (reference (h)), and under the security control of that Government or organization, the retention of U.S. classified material is authorized only if it is necessary to satisfy USG mission requirements. This includes classified material temporarily transferred into a foreign country via USG personnel authorized to escort or carry such material. Whether permanently or temporarily retained, classified material shall be stored under USG control as follows:

C2.5.2.5.1. At a U.S. military installation or a location where the United States enjoys rights of inviolability, such as an embassy or consulate.

C2.5.2.5.2. At a USG activity located in a building used exclusively by USG tenants, provided the building is under 24-hour control by USG personnel.

C2.5.2.5.3. At a USG activity located in a building not used exclusively by USG tenants nor under host Government control, provided the classified material is stored in security containers approved by General Services Administration (GSA) and is under 24-hour control by USG personnel.

C2.5.2.5.4. At a USG activity located in a building not used exclusively by USG tenants but which is under host Government control, provided the classified material is stored in GSA-approved security containers that are further secured in a locked room or area to which only USG personnel have access.

C2.5.2.5.5. When host Government, including locally hired foreign national USG employees, and USG personnel are collocated, U.S. classified material that has not been authorized for release to the host Government pursuant to DoD Directive 5230.11 (reference (h)) shall, to the extent possible, be segregated from releasable classified material to facilitate physical control and prevent inadvertent compromise. However, U.S. classified material that is releasable to the host country need not be subject to the 24-hour U.S. control requirement provided the host Government exercises its own control measures over the pertinent areas or containers during non-duty hours.

C2.5.2.5.6. SAO personnel shall escort foreign nationals in areas where non-releasable U.S. classified material is present. However, when required by operational necessity, foreign nationals may be permitted, during duty hours, unescorted entry to such areas provided the non-releasable information is properly stored or is under the direct personal supervision and control of cleared USG personnel who can prevent unauthorized access.

C2.5.2.5.7. Foreign Service Nationals (FSNs) employed by the USG in SAOs or in other U.S. installations may not have access to U.S. classified information unless specifically authorized under a Limited Access Authorization (LAA) issued in accordance with DoD 5200.2-R (reference (q)). LAA shall not be issued merely as a convenience or to avoid the requirement to control access by foreign national employees to areas and information. The FSN must



demonstrate a unique skill or expertise in support of a lawful and authorized Government function, require access to classified information in performance of the job, and there is no cleared or clearable U.S. citizen available. As the LAA is issued under the condition that access is not inconsistent with determination of releasability to the country of which the individual is a citizen, the requirements for control of non-releasable U.S. classified information also apply to foreign nationals employed by the United States.

C2.5.2.6. Congressional Threat Report Preparation. AECA, section 21(c)(2) (reference (c)) requires a report to Congress, under certain conditions, within 48 hours of a change in status of significant hostilities or terrorist acts, or a series of such acts, that may endanger American lives or property.

C2.5.2.6.1. Report Criteria. The report is required when the following criteria are met, including instances where there is doubt in this regard.

C2.5.2.6.1.1. U.S. military or U.S. civilian personnel are in-country performing defense services under the AECA or the FAA, other than those assigned to SAOs. The term “defense services” does not include administrative services performed by the SAO. The term “U.S. civilian personnel” means USG civilian employees and U.S. employees of U.S. firms under DoD contracts financed by Security Assistance funds, including FMS case funds. If SAO personnel are the subjects of hostile or terrorist acts, but there is no one else in-country performing defense services, a report to Congress is not required.

C2.5.2.6.1.2. The existence or the change in status of hostilities or terrorist acts from the previous situation must be of a meaningful nature.

C2.5.2.6.1.3. The hostilities or terrorist acts must constitute a general threat to American lives or property.

C2.5.2.6.2. SAO Chief Responsibilities for Threat Report. The SAO Chief identifies when a report is required and coordinates this report with the country team. The SAO Chief transmits a message by the most rapid means available to USD(P), the Office of the General Counsel, Department of Defense (OGC, DoD), the Chairman of the Joint Chiefs of Staff, the Combatant Command, DSCA, DIA, and the DoS. The report includes the location; a description of the hostilities or acts, including an explanation of how they constitute a meaningful change in the existing situation; the estimated number of U.S. personnel present in-country; and any additional information needed to assist evaluating the situation.

C2.5.2.6.3. Processing the Threat Report. Upon receipt of a report, the Director, DSCA, through DSCA (Office of the General Counsel (OGC)), consults immediately with the OGC, DoD providing relevant facts and a recommendation as to whether a report to Congress under AECA, section 21(c)(2) (reference (b)) should be made. The OGC, DoD then consults with USD(P), the Chairman of the Joint Chiefs of Staff, the DoS, and others as appropriate, to determine whether a report to Congress is required and advises the Secretary of Defense or Deputy Secretary of Defense of the conclusion. If a report to Congress is required, the OGC, DoD advises the Director, DSCA, and provides an approved draft of the report. The Director, DSCA, submits the required report to Congress. If a report is not required, the OGC, DoD prepares a memorandum for record and provides a copy to the Director, DSCA.

C2.5.2.7. Non-Security Assistance Funded Functions. Some functions in-country should be performed by personnel who are not funded by Security Assistance administrative funds. These functions include:

C2.5.2.7.1. Specific Case Advice and Training. If direct advice and training assistance is required for a specific purpose (particularly assistance related directly to an FMS case), it must be provided by Technical Assistance Field Teams (TAFTs), Technical Assistance Teams (TATs), Mobile Training Teams (MTTs), or similar teams authorized by the FAA or the AECA and paid for by the host country through an FMS case. (See Chapter 11, section C11.13. for more information on Security Assistance Teams.). In general, SAO travel is funded via the T-20 account, which is subsidized through DSCA's annual allocation of administrative funds to the Combatant Commands. If the Implementing Agency determines SAO travel is required to support a specific FMS case or group of cases, an FMS case line may be used to pay for the SAO's travel and per diem costs (not salaries).

C2.5.2.7.2. Armaments Cooperation. Personnel dedicated to Armaments Cooperation are funded from sources other than Security Assistance. These personnel are under the supervision and oversight of the SAO Chief and perform the Armaments Cooperation functions listed in Table C2.T3. If there are no Armaments Cooperation personnel assigned to the SAO, the SAO chief is responsible for these functions to the degree staff assets permit.

C2.5.2.7.3. Collateral Duties. The COM must approve assignment of collateral duties. These duties most often relate to functions performed on behalf of U.S. forces under the direction of the Combatant Commander. If these duties are to be conducted on a continuing basis, the Combatant Command should conduct a review and classification prior to assignment to determine appropriate funding categories and provide the results to the Director, DSCA. SAO personnel may perform these duties if they do not detract from the ability to perform the Security Assistance mission.

C2.5.2.7.4. Translation Services. The host country is responsible for translating documents. SAOs should convey this point to host country counterparts. For purposes of communicating between USG and purchaser representatives only, SAOs may provide "informal translations" using the same practices as the U.S. Diplomatic Mission when the SAO Chief determines an informal translation of an English text is in the U.S. interest. Translators must clearly mark the translated document "Informal and unofficial translation -- English text governs." The SAO Chief must ensure that a forwarding letter accompanies each contractual document (e.g., LOA) emphasizing that the English text is the official binding document. Translation assistance is limited to U.S. and host country officials. Other requestors are advised to seek assistance from local translators.

Table C2.T3. SAO Functions - Armaments Cooperation

SAO Functions – Armaments Cooperation	
Activity	Specific Function
General Program Support	<p>a. Liaison for National Armaments Director (NAD) to host country counterparts in the Ministry of Defense (MOD), services and industry for:</p> <ul style="list-style-type: none"> <li>▪ Representation</li> <li>▪ Information exchange</li> <li>▪ Coordination of contacts</li> <li>▪ Advice on technical capabilities and military developments</li> </ul> <p>b. NAD advisor and liaison for cooperation in R&amp;D, production, and support of military systems for:</p> <ul style="list-style-type: none"> <li>▪ Identification of possibilities and contacts</li> <li>▪ Transmittal of proposals and liaison with contacts</li> <li>▪ Exchange of data, information, and questions on DoD and NATO cooperative initiatives and programs</li> <li>▪ Stimulation of host country participation in cooperative initiatives (e.g., emerging technologies, Nunn Amendment concerning cooperative projects)</li> <li>▪ Participation in negotiations for initiation and continuation of cooperative programs and monitor ongoing programs</li> <li>▪ Identification of problem areas and potential solutions</li> </ul>
Support Of Specific Activities	<p>Liaison for DoD planning and advisory activities intended to develop defense industrial capabilities in nations with whom we have formal agreements for:</p> <ul style="list-style-type: none"> <li>▪ Identification of host country defense industry needs and capabilities</li> <li>▪ Data exchange</li> <li>▪ Project monitoring and assessment</li> </ul>
Support Of Specific Reciprocal Defense Procurement MOU and MOAs	<p>a. Substantive and administrative participation and support for:</p> <ul style="list-style-type: none"> <li>▪ Bilateral meetings</li> <li>▪ Renegotiation and negotiations of annexes</li> <li>▪ Seminars (Government and industry) to explain acquisition practices</li> </ul> <p>b. Point of contact for MOD and foreign firms on DoD acquisition and logistics practices and contacts for:</p> <ul style="list-style-type: none"> <li>▪ Explanation of DoD practices</li> <li>▪ Identification of DoD contacts</li> <li>▪ Interface with host country organizations with existing implementing annex</li> </ul> <p>c. Point of contact for the Office of the Secretary of Defense (OSD) and foreign Governments to support initiatives that establish new reciprocal procurement Memoranda of Understanding (MOUs) and Memoranda of Agreement (MOAs).</p>
Other Activities (applicable to all of the above categories)	<p>a. Oversight of participating arrangements for protection of U.S. and allied technologies and military systems to ensure continued cooperative activities.</p> <p>b. Coordination of host country cooperative activities (e.g. hosting meetings with U.S. theater forces, U.S. Mission NATO activities, and representatives of CONUS organizations located in host country involved with Defense Cooperation in Armaments (DCA).</p> <p>c. Liaison and advisory support for MILDEP activities in support of cooperative programs.</p> <p>d. Administrative support for visits.</p> <p>e. Provide assistance to the NDPC in evaluating host country security programs and negotiating security agreements.</p> <p>f. Point of contact for U.S. defense industry visits.</p>

C2.5.3.

Manning Authorizations. The general criteria for reviewing, requesting, and approving SAO manning authorizations follow.

C2.5.3.1. Justification. SAO manning is justified based on the Security Assistance duties performed. The functions of the SAO as a whole and of each of its members must be related primarily to Security Assistance program management. If an unfilled Security Assistance management requirement exists, the SAO should request manning through Security Assistance channels. If the requirement involves training and advising, the country must fund it. If the requirement is non-Security Assistance, the SAO should address the requirement to the Combatant Command for funding by other than Security Assistance funds (e.g. O&M, MPA, or R&D). Non-Security Assistance funded personnel under the oversight and supervision of the SAO Chief should be clearly identified as such.

C2.5.3.2. U.S. Policy Initiatives. When a major U.S. policy initiative with a country results in the need for personnel to support exercises, pre-positioning, ship visits, or other security cooperation efforts, these personnel must be funded by other appropriations. When these functions gradually accrue to the SAO, it is more difficult to determine the threshold at which personnel should be shifted to other appropriations or new personnel added. As a general rule, an individual should be in a Security Assistance-funded position if he or she spends 50 percent or more of his or her time performing Security Assistance functions. Conversely, an individual spending 50 percent or more of his or her time performing non-Security Assistance functions should be carried as, or transferred to, an alternatively funded position.

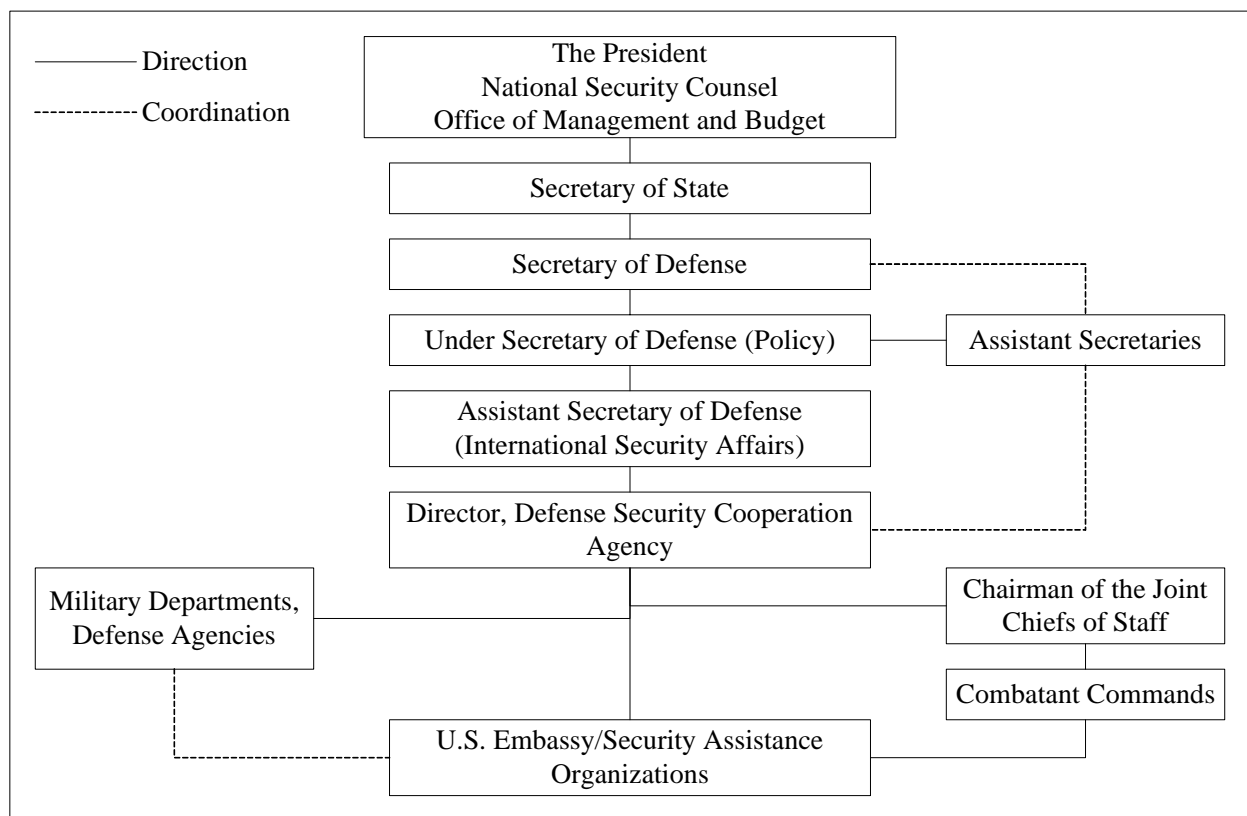
C2.5.3.3. Work-Years. Problems can arise when a number of individuals in a SAO each accrue non-Security Assistance functions while performing mostly Security Assistance functions. The Combatant Command should evaluate these functions during reviews and when considering staffing requests. If 1 work-year or more of the SAO's effort is devoted to O&M, MPA, R&D, or other functions, the Combatant Command should combine those functions into a single position and fund it accordingly.

C2.5.3.4. Temporary or Permanent Personnel. In general, temporary duty personnel from outside the SAO should perform Security Assistance functions if those functions would detract from permanently assigned SAO personnel performing their primary management and oversight duties or if those functions involve dedicated training and advisory functions. Permanently assigned SAO personnel should not be dedicated to a single project when its primary purpose is to assist the host Government in a function in which the host Government should ultimately be self-sufficient. The degree of involvement and the extent of dedicated effort required to perform the function is the determinant. Dedicated planning, training, advising, and management of logistics centers are a few examples of Security Assistance functions that should be funded by the host Government or other channels.

**C2.5.3.5. Responsibilities for Manning Authorizations.** The Combatant Command, the Joint Staff, and DSCA determine the positions, if any, that can be added or changed to another funding source based on an assessment of the Security Assistance mission. The Combatant Command processes revised workforce costs as a result of such changes using the Chairman of the Joint Chiefs of Staff procedures and applicable directives. They coordinate with the appropriate DoD offices. The Combatant Command must obtain the approvals of the DoS and the COM for changes in size, composition, or mandate of the SAOs through the National Security Decision Directive (NSDD) 38 (reference (r)) process. The Director, DSCA has approval authority for changes.

**C2.5.4. Channels of Communication for SAOs.** Figure C2.F1. shows the decision channels involved in Security Assistance.

Figure C2.F1. Security Assistance Decision Channels



**C2.5.4.1.** SAO personnel serve under the direction and supervision of the COM as authorized by the FAA. The Combatant Commanders command and supervise the SAOs in matters that are not COM functions, including the provision of technical assistance and administrative support. The SAO Chief ensures that all SAO activities are fully coordinated with the COM.

**C2.5.4.2.** SAOs communicate directly with DSCA and MILDEP Security Assistance elements as appropriate and provide information copies of communications of record to the Combatant Command for evaluation and comment as specified by the Combatant Command.

C2.5.4.3. The MILDEPs maintain offices to coordinate acquisition activities, identify technological capabilities, stimulate participation in joint projects, and fund local basic research and studies. These offices establish formal liaison with the SAOs to maximize complementary activities.

C2.5.5. Directives and Record Communications. Security Assistance directives and record communications to the Combatant Commands, SAOs, and MILDEPs that have military operational or policy implications require coordination with the Chairman of the Joint Chiefs of Staff. All Security Assistance directives and record communications from the Chairman of the Joint Chiefs of Staff to the Combatant Commands (e.g., new fighter aircraft sales policy recommendations), SAOs, and MILDEPs require coordination with the Director, DSCA. If appropriate, the Director, DSCA, coordinates further within OSD and the Executive Branch.

C2.5.6. Defense Cooperation in Armaments (DCA). The Secretary of Defense has directed a DoD-wide emphasis on NATO DCA to include armaments cooperation, DIC, reciprocal MOU implementation, and Security Assistance. It is essential to coordinate and track DCA activities in a timely manner. Figure C2.F2. shows the DCA decision channels. Table C2.T4. identifies the DCA programs and the responsible office.

Figure C2.F2. Defense Cooperation in Armaments (DCA) Decision Channels

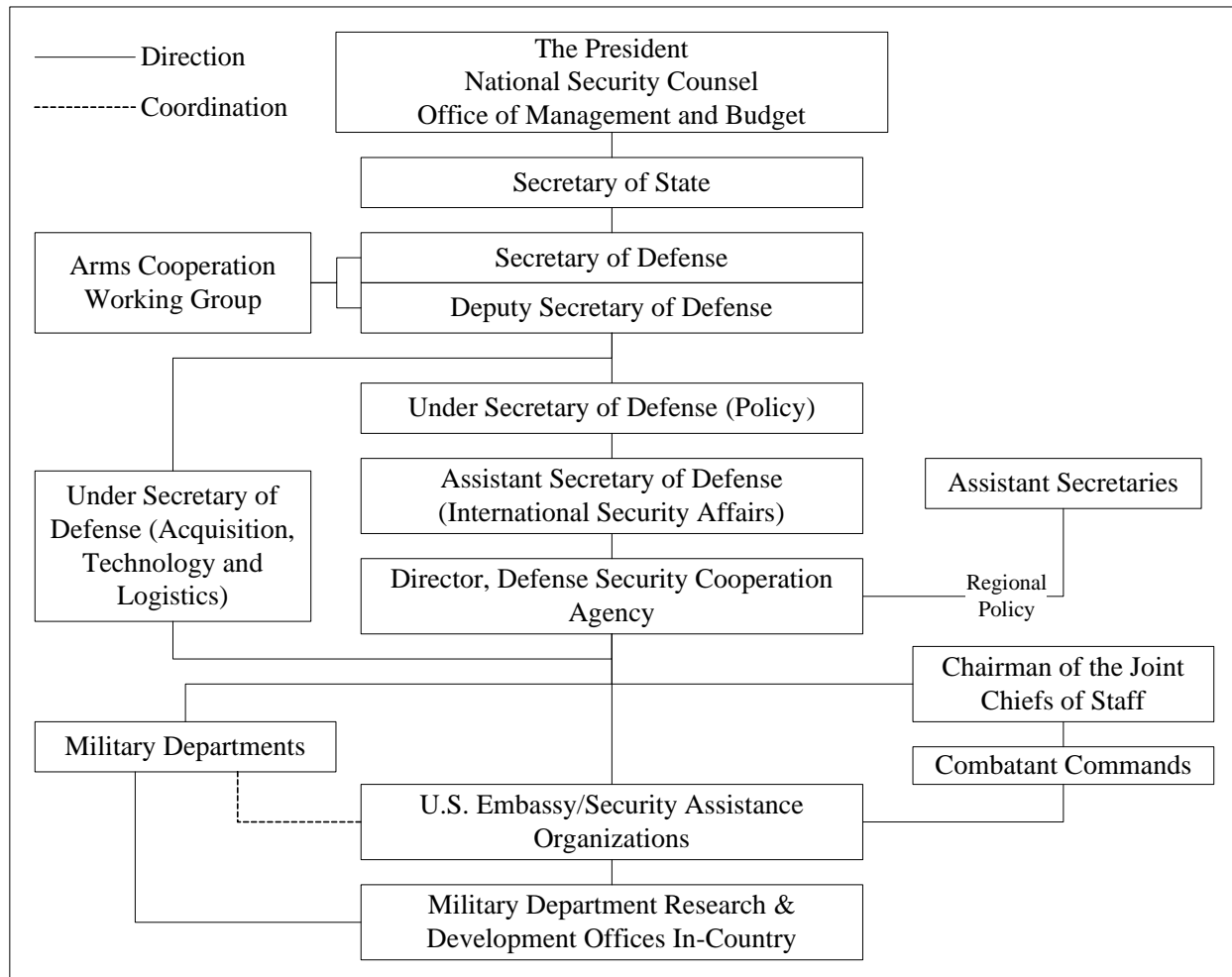


Table C2.T4. Defense Cooperation in Armaments (DCA) Programs

Program Type		Responsible Office
	U.S. development and acquisition, involving the expenditure of U.S. funds, or equivalent compensation, to acquire foreign technical information or components.	USD(AT &L)
	Joint U.S. and foreign development programs involving shared efforts and expenditure of U.S. funds or equivalent compensation.	USD(AT &L)
	Foreign production of U.S.-designed equipment (i.e., co-production) under predominantly commercial arrangements with shared product improvement potential involving U.S. funds committed or anticipated.	USD(AT &L)
	Foreign production of U.S.-designed equipment, under either commercial or FMS arrangements, with no U.S. program or commitments involved (but with flowback included without charge).	DSCA
	Foreign production of U.S.-designed equipment (i.e., co-production) with anticipated or committed U.S. second source utilization. Foreign countries acquisition of U.S. data or equipment by means of either commercial or FMS arrangement is secondary issue.	USD(AT &L)
	Foreign production of U.S.-designed equipment (i.e., co-production) where principal issue is acquisition of data or equipment from U.S. sources, via FMS or commercial, without U.S. commitment or funding for second source.	DSCA
	Sale of U.S. equipment or services in order to further the foreign production of U.S.-designed equipment with no U.S. commitment or funding involved.	DSCA
	Cooperative logistics support arrangements for alliance-fielded equipment.	USD(AT &L)

#### C2.5.7. SAO and Industry Interface Policy and Guidelines.

**C2.5.7.1. SAO Assistance to Industry.** Individuals marketing U.S. defense products should receive the same courtesy and support offered to persons marketing other U.S. products. The SAO, rather than the Commercial Attaché, is the principal point of contact in U.S. missions for most U.S. defense industry representatives marketing defense equipment. It is in the U.S. national security and economic interests that if a country intends to purchase a defense article it be a U.S. product. Consequently, SAOs should support the marketing efforts of U.S. companies while maintaining strict neutrality between U.S. competitors. The SAO facilitates the flow of U.S. systems information, subject to releasability considerations including export licensing, while avoiding advocacy of a program with a specific U.S. producer. DSCA works closely with industry representatives to develop a mutually supportive relationship. The following guidance is designed to supplement DoS guidance and to define an appropriate SAO and U.S. industry representative relationship.

**C2.5.7.1.1. Providing Country Information.** SAOs should be well informed and responsive to U.S. defense industry interests in the host country. The SAO should draw on resident Embassy experts (e.g., Commercial, Economic, or Political Officers) to inform industry representatives of the country's financial position, any International Monetary Fund controls and restrictions on credit, and the relationship between the MOD and other Government branches. Upon request, but subject to factors such as availability of resources and country sensitivity to release of specific data, the SAO provides industry representatives the following types of unclassified information:

C2.5.7.1.1.1. Data on the defense budget cycle in the host country including the share of that budget devoted to procurement. Industry representatives may also be informed of the country's current FMS, FMF, and MAP budgets.

C2.5.7.1.1.2. Information on the national decision making process, both formal and informal, and on decision makers in the MOD and military services.

C2.5.7.1.1.3. Information on the national procurement process, to include bidding procedures, legal or policy impediments to procure from U.S. sources, and other information needed for the U.S. commercial competitor to work with the country.

C2.5.7.1.1.4. Estimates of the kind of equipment the country needs to fill current and future defense requirements and when appropriate procurement plans for this equipment.

C2.5.7.1.1.5. Information on the marketing efforts of foreign competitors.

C2.5.7.1.1.6. Information on the major in-country defense firms and their products. This can assist U.S. firms to identify possible subcontract support services, or teaming, licensing, and other cooperative arrangements.

C2.5.7.1.2. Reciprocal Procurement Agreements. Countries that have reciprocal procurement agreements with the Department of Defense (covering mutual cooperation in R&D, production, procurement, and logistics) have agreed to provide equal access to each other's defense markets. Based on these agreements, SAOs should have a working knowledge of the host country's acquisition system. In conjunction with the Embassy Commercial Attaché, the SAO should have a process for obtaining procurement information on bid solicitations. Such information should be obtained at the same time as bid solicitations are provided to in-country suppliers. Reciprocal agreement and host country solicitation information should be provided to appropriate U.S. industry representatives. The exchange of information between the SAO and the industry representative is used to monitor host country compliance with the reciprocal agreement. If the SAO suspects that U.S. companies do not have equal access to the host country defense market or if U.S. industry representatives can provide information that indicates an agreement is not being honored, the SAO works with the Embassy Commercial Attaché to resolve the issue and advise the host country procurement officials and appropriate OSD activities.

C2.5.7.1.3. Appointments. The SAO should assist industry representatives with visit appointments in the Embassy and, as time and circumstances permit, with host country MOD and services (e.g., provide appropriate country individuals or office POCs). Industry representatives make appointments with country officials to avoid the impression of SAO endorsement of a given item or service. The SAO makes the appointment only if the host country desires that appointments be made through the SAO. The SAO may attend key meetings to help assess defense requirements and the extent of U.S. industries' ability to meet those requirements, if requested by the industry representatives and the host Government.



C2.5.7.1.4. U.S. Competitors. Unlike most countries that sell defense equipment, the United States is likely to have more than one weapon system manufacturer. The SAO must maintain neutrality between U.S. competitors. When more than one U.S. competitor is involved, the SAO should explain to host country personnel why a U.S. system would be to the country's advantage. If asked by a representative of one U.S. company, the SAO can acknowledge whether and when other U.S. vendors have come through the country, but should not divulge any marketing strategy or other proprietary information of any U.S. competitor. In cases where it is clear that there is only one U.S. source or producer marketing a system, the SAO may endorse a specific American product to the host Government. If it has not already been communicated to the SAO that a specific product or capability is to be supported, the SAO may inquire from DSCA whether the Department of Defense can actively participate in supporting a specific sale.

C2.5.7.1.5. Commercial Versus FMS Sales. Generally, the Department of Defense supports fulfillment of foreign countries' defense needs through either FMS or commercial channels. Unless the host country requests the purchase be made through FMS, the Department of Defense tries to accommodate the U.S. contractor's preference for direct commercial sale (DCS). In addition, normally the Department of Defense does not provide price quotes for comparison of FMS to DCS. To avoid any pricing discrepancies and to ensure that the SAOs provide accurate P&A data, inquiries on pricing are referred to the appropriate MILDEP and/or DSCA (see Chapter 5). All sales, either FMS or DCS, may include differences in delivery schedules, equipment modifications, spare parts, and training packages, and the recipient should exercise caution in comparing FMS and DCS data. The SAO assists a broad spectrum of U.S. defense industry marketing efforts and the SAO is expected to provide adequate support to vendors regardless of the complexity or price of the item.

C2.5.7.1.6. Follow-Up. The SAO Chief should encourage visiting U.S. contractors to debrief the SAO Chief and other relevant members of the mission staff on their experiences in country. The SAO Chief responds to follow-up inquiries from industry representatives with respect to any reactions from host country officials or subsequent marketing efforts by foreign competitors. The SAO Chief alerts embassy staff to observe reactions of the host country officials on U.S. defense industry marketing efforts. As appropriate, the SAO Chief can pass these reactions to the U.S. industry representatives.

C2.5.7.1.7. Exceptional Circumstances. If the SAO believes that the marketing efforts do not coincide with overall U.S. defense interests or have potential for damaging U.S. credibility and relations with the country, these concerns, along with a request for guidance, is sent to the MILDEP and/or DSCA.

C2.5.7.2. Industry Guidelines for Interfacing with SAOs. To support U.S. policy, trade, and interests, including enhancement of U.S. defenses through support to friendly countries, the USG and U.S. industry must work together through both FMS and DCS channels to effectively market U.S. military items and services. The major differences between FMS and DCS are presented in the DISAM book, "The Management of Security Assistance," (reference (s)) and other DoD publications pertaining to Security Assistance. They are available from DISAM. SAOs are responsible for long-term mutually beneficial relationships between the United States and host countries. The SAO promotes maximum defensive capability within available resources. The SAO must give their overall mission precedence over the benefits of a prospective sale.

C2.5.7.2.1. Contacts with Country Representatives. In international marketing, ethics, customs, policies, and laws sometimes vary from those accepted or in-force in the United States. Industry representatives must familiarize themselves with the foreign country's circumstances and with U.S. laws that govern the conduct of international business.

C2.5.7.2.2. Quality of Products and Support. Industry representatives should be knowledgeable and forthright concerning follow-on support arrangements and should assist purchasers in using the available logistics infrastructure to operate and maintain marketed equipment. This is especially important in less-developed countries. In any DCS, but particularly for those items not in the DoD inventory, industry should provide a total package, including concurrent and follow-on spare parts, special tools, publications, training, and a repair and return program. Quality control and customer service should be present through delivery and acceptance.

C2.5.7.2.3. Administration Actions. 30 days in advance of initial visits, defense industry representatives should provide SAOs: a synopsis of equipment and services proposed for sale; current export license information, including restrictions and provisos; dates of planned in-country travel; non-proprietary information already provided to the host country, or other contacts concerning this equipment or service; and specific support (briefings, appointments) requested. To help ensure program continuity, industry representatives should also brief SAOs before departing the host country.

## C2.6. DEPARTMENT OF COMMERCE

The Department of Commerce (DoC) advocates on behalf of U.S. companies for foreign defense contracts, and works closely with the DoS and the Department of Defense and U.S. missions to engage foreign decision makers on the strategic, military, and economic issues associated with major defense procurements. It also reviews EDA allocations, materiel surveys, and international agreements. The DoC regulates the export of sensitive dual-use goods and technologies. The DoC also administers the Defense Priorities and Allocations System.

## C2.7. FOREIGN PURCHASER

Foreign purchasers submit Security Assistance requests through the proper channels with all required information. Purchasers agree not to transfer U.S.-origin defense articles, training, and services to anyone not as office, employee, or agent of their Government; to use such defense articles, training, and services only for the purposes for which they are furnished; and to participate in the EUM program. Purchasers ensure that the Military Assistance Program Address Directory (DoD 4000.25-8-M (reference (t))) addresses are accurate. Other responsibilities of the foreign purchaser are specified throughout this Manual.